

Executive Summary – Henderson County

The Asheville Regional Housing Consortium area, consisting of Buncombe, Henderson, Madison and Transylvania Counties, and certain local governments within these counties, has varied and significant housing problems. Most relate to housing affordability.

The Consortium region enjoys a strong and growing economy with unemployment rates consistently below those of the state and the U.S. However, the nature of the economy is shifting with continuing losses in manufacturing jobs replaced by lower-paid jobs in service and other industries. The region's dependence on tourism and service jobs limits the incomes of many of its households, particularly those with a single earner.

Henderson County, the second largest county in the Consortium, reflected high rates of growth in population and households. Many of the empty nesters and retiring baby boomers migrating to the region purchased their homes in Henderson County, as evidenced by the soaring increase in numbers of those aged 45 years and older in the past decade. A number of retirement communities with attractive amenities emerged throughout the county in the 1990s as well. The County's appeal resulted in an increase in the number of households making \$50,000 or more, as well as in the County's median household income. With vacant land still available and over 4,000 housing units permitted since 2000, Henderson County was one of two Consortium counties projected to experience solid residential growth over the next five years. Its 2004 median residential sales price to date was \$170,000 (\$172,034 for the Consortium), matched only by Transylvania County.

The region is a recognized tourism center and a retirement location of growing popularity. Five percent of the region's housing stock (8,334 units) is held as second homes for occasional use by residents of other regions. Thirty-seven percent (3,084) of these seasonal homes are located in Henderson County. The price competition from retirees and second-home buyers, coupled with high land and construction costs related to the region's mountainous terrain, has led to high housing prices and rents. Reflecting current rent levels, the U.S. Department of Housing and Urban Development (HUD) has established Fair Market Rents (FMRs) as follows:

2004 Fair Market Rents

Unit Type	Henderson County
Efficiency	\$371
One Bedroom	\$457
Two Bedrooms	\$572
Three Bedrooms	\$754
Four Bedrooms	\$838

Affording Henderson County's FMR for a two-bedroom unit requires a wage of \$11.00 per hour for a single earner working 40 hours per week. Many important jobs pay much less than \$11.00 per hour, including:

Occupation	Average Wage
Cashiers	\$7.38
Home Health Aides	\$9.70
Nursing Aides	\$10.19
Pre-School Teachers	\$8.87
Security Guards	\$9.77
Pharmacy Technicians	\$10.12
Cooks, Restaurants	\$9.86
Retail Salespersons	\$8.58

A worker earning minimum wage would need to work 85 hours per week to afford that same two-bedroom unit. While many single persons and single parents work two or more jobs to be able to afford housing, most low-income households end up paying more than they can afford for housing.

HUD defines three categories of low-income households adjusted for household size:

- Extremely-low-income households with incomes equal to 30 percent or less of the Area Median Family Income (AMI) (up to \$15,850 for a family of four);
- Very-low-income households with incomes of 31 to 50 percent of AMI (between \$15,851 to \$26,400 for a family of four); and
- Low-income households with incomes of 51 to 80 percent of AMI (between \$26,401 to \$42,250 for a family of four).

Based on local incomes and current mortgage interest rates, a three-person very-low-income household in Henderson County could afford to spend no more than \$594 per month for rent and utilities or for mortgage principal, interest, taxes and insurance. This reflects HUD's affordability standard of spending no more than 30 percent of household income for gross housing costs. The FMR for a two-bedroom unit is just under the maximum affordable gross rent; but the three-bedroom unit's FMR is 27 percent higher. The median sale price for a three-bedroom house is more than double the very-low-income household's maximum affordable price.

Gap Between Market and Affordable Rents

	Extremely-Low-Income Households	Very-Low-Income Households	Low-Income Households
Maximum Income	\$14,300	\$23,800	\$38,000
Maximum Gross Rent	\$356	\$594	\$1,056
Fair Market Rent			
Two Bedrooms	\$572	\$572	\$572
Three Bedrooms	\$754	\$754	\$754
FMR as Percent of Maximum Affordable Rent			
Two Bedrooms	161%	96%	54%
Three Bedrooms	212%	127%	71%

Gap Between Market and Affordable Rents

	Extremely-Low-Income Households	Very-Low-Income Households	Low-Income Households
Maximum Income	\$14,300	\$23,800	\$38,000
Maximum Housing Price*	\$52,030	\$86,717	\$138,748
Median Sale Price			
Three Bedrooms	\$179,000	\$179,000	\$179,000
Median Sale Price as Percent of Maximum Affordable Price	344%	206%	129%

*Assumes a 10-percent downpayment, a 6.5-percent mortgage interest rate and a 0.25-percent private mortgage insurance premium.

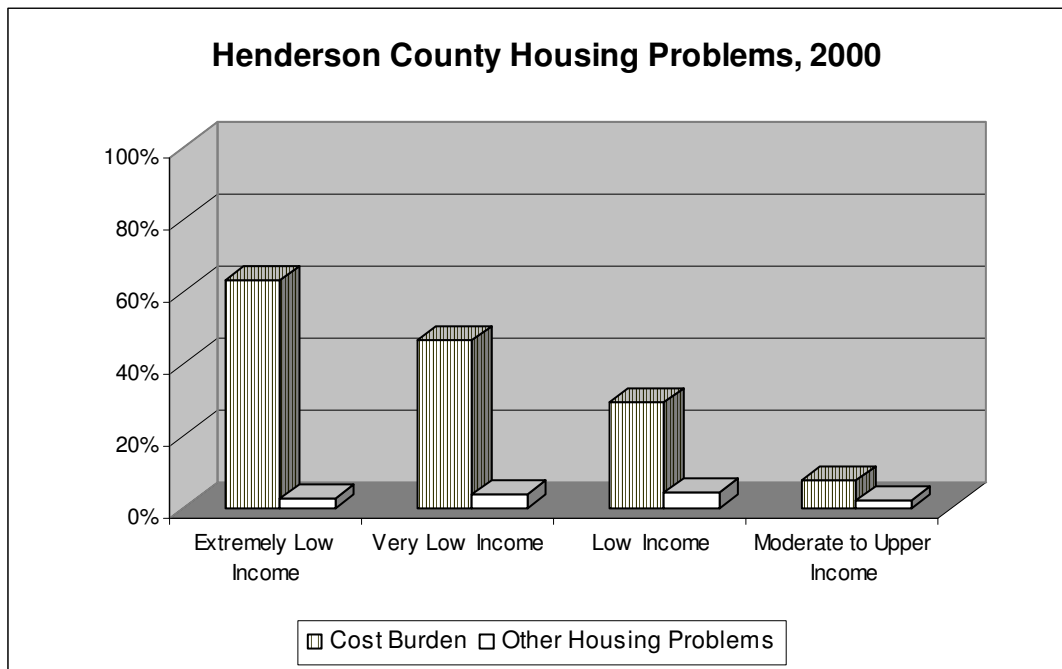
The significant gap between market rent/price levels and affordable levels is evidenced by housing problem data from the 2000 U.S. Census. Shown in HUD Table 1 on the following page, 66 percent of Henderson County's extremely-low-income households reported housing problems, including 63 percent with cost burdens of 30 percent or more. This includes 1,454 extremely low-income households with severe cost burdens, where a household pays one-half or more of their income for housing. Other housing problems include overcrowding and units with physical defects, primarily lacking complete plumbing facilities. Though at a lesser rate than extremely-low-income households, 1,929 (50 percent) very-low-income households had housing problems, including 19 percent with severe cost burdens. Thirty-three percent of low-income households had housing problems, including 9 percent spending one-half or more of their income for housing. In general, renters have more housing problems than homeowners, but this is not always true in the extremely-low-income group.

HUD Table 1): Housing Assistance Needs of Henderson County, 2000

Households by Type, Income, and Housing Problem	Renters					Owners			Total Housholds
	Elderly Households	Small Related (2 to 4)	Large Related (5 or more)	All Other Households	Total Renters	Elderly	All Other Owners	Total Owners	
Extremely Low & Very Low Income	863	1,039	234	710	2,846	2,283	2,035	4,318	7,164
Extremely Low Income (0% to 30% AMI)	509	560	95	407	1,571	1,019	707	1,726	3,297
Percent with any Housing Problems	55%	78%	58%	63%	65%	62%	72%	66%	66%
Percent with Cost Burden > 30%	54%	74%	47%	61%	63%	61%	67%	64%	63%
Percent with Cost Burden > 50%	42%	58%	37%	48%	49%	34%	48%	40%	44%
Very Low Income (31% to 50% AMI)	354	479	139	303	1,275	1,264	1,328	2,592	3,867
Percent with any Housing Problems	59%	57%	89%	69%	64%	28%	57%	43%	50%
Percent with Cost Burden > 30%	58%	55%	42%	69%	58%	28%	53%	41%	46%
Percent with Cost Burden > 50%	27%	13%	3%	23%	18%	12%	27%	19%	19%
Low Income (51% to 80% AMI)	327	758	149	538	1,772	2,328	2,553	4,881	6,653
Percent with any Housing Problems	28%	35%	60%	32%	35%	17%	46%	33%	33%
Percent with Cost Burden > 30%	28%	28%	3%	31%	27%	17%	42%	30%	29%
Percent with Cost Burden > 50%	4%	1%	0%	6%	3%	9%	13%	11%	9%
Moderate to Upper Income (80% and greater AMI)	435	1,640	255	985	3,315	6,771	13,497	20,268	23,583
Percent with any Housing Problems	32%	6%	41%	9%	13%	6%	11%	9%	10%
Percent with Cost Burden > 30%	32%	2%	0%	5%	7%	6%	9%	8%	8%
Percent with Cost Burden > 50%	18%	0%	0%	0%	2%	1%	1%	1%	1%
Total Households¹	1,625	3,437	638	2,233	7,933	11,382	18,085	29,467	37,400
Percent with any Housing Problems	44%	31%	59%	33%	37%	16%	21%	19%	23%

Note: ¹Includes all income groups - including those above 80% of AMI.

Source: Comprehensive Housing Affordability Strategy Datebook; Bay Area Economics, 2004



Source: Comprehensive Housing Affordability Strategy Datebook; Bay Area Economics, 2004

Henderson County's unmet housing needs are approximately 23 percent of the Consortium's unmet housing needs, which is proportionate to the county's share of the region's population. Defining the need for assisted housing based on housing problems and cost burdens would identify a need for the following number of units at rents/prices affordable at the three income levels.

Unmet Need for Affordable Units				
	Extremely-Low-Income Households	Very-Low-Income Households	Low-Income Households	Total
Rental Units				
For Households with Housing Problems	1,030	810	620	2,460
For Households with Severe Cost Burdens	770	230	40	1,040
Owners				
For Households with Housing Problems	1,140	1,110	1,590	3840
For Households with Severe Cost Burdens	690	500	530	1720

Special Needs Populations

Beyond the general need for affordable housing, some populations have special needs for specialized housing and/or supportive services, focused on four groups:

- Elderly
- Frail elderly
- Persons with physical disabilities
- Persons with mental disabilities

The Henderson County's supply of assisted housing addresses these needs but falls short, leaving significant unmet needs.

(HUD Table 2A): Priority Needs Summary Table					
Priority Housing Needs (households)		Percentage of Area Median Income (AMI)	Priority Needs Level (High, Medium, Low)	Unmet Needs	Goals*
Renter Households	Small Related	0% to 30% of AMI		443	
		31% to 50% of AMI		273	
		51% to 80% of AMI		265	
	Large Related	0% to 30% of AMI		55	
		31% to 50% of AMI		124	
		51% to 80% of AMI		89	
	Elderly	0% to 30% of AMI		280	
		31% to 50% of AMI		209	
		51% to 80% of AMI		92	
	All Other	0% to 30% of AMI		256	
		31% to 50% of AMI		209	
		51% to 80% of AMI		172	
Non-Elderly Owner Households		0% to 30% of AMI		509	
		31% to 50% of AMI		757	
		51% to 80% of AMI		1,174	
Special Populations**		0% to 80% of AMI		2,223	
Total Goals					
**Includes elderly households					

Source: U.S. Census 2000; Comprehensive Housing Affordability Strategy Databook, 2000; Claritas, Inc., 2000

Barriers to Affordable Housing

Among the barriers to affordable housing are:

- High land and construction costs related to topography and the limited supply of developable land;
- Lack of public water and sewer service to developable sites;
- The high per-unit cost of making rental housing affordable for extremely-low and very-low-income groups, coupled with declining federal funding.
- Little multi-family housing construction;
- Neighborhood opposition to higher-density housing; and
- Predatory lending

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